

5/15/78 [2]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 5/15/78 [2]; Container 76

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Blumenthal to Pres. Carter, w/attachments 19 pp., re:Energy	5f/8/78	A
Memo	Harold Brown to Pres. Carter, w/attachments 3 pp., re:Defense Activity Report	5/12/78	A
Memo	Brzezinski to Pres. Carter, w/attachments 3 pp., re:Gromyko visit opened per RAC-NLE-126-12-22-1-3, 4/17/13	5/13/78	A

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential
Handwriting File 5/15/78 [2] Box 85

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

2539

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Secretary Schlesinger

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
<input checked="" type="checkbox"/>	SCHLESINGER
	STRAUSS
	VANCE

OCCIDENTAL PETROLEUM CORPORATION

10889 WILSHIRE BOULEVARD • SUITE 1500

LOS ANGELES, CALIFORNIA 90024

(213) 879-1700 • (213) 477-0066

ARMAND HAMMER
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

May 15, 1978

To Jim
Schlesinger
Brief status -
J

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

As requested by Secretary Katz in his letter to me dated March 4, 1978 I am forwarding a confidential memo which details the findings of our experts recently in Mexico.

It confirms what we anticipated in my letter to you dated December 16, 1977. Mexico offers the largest potential increment to the global energy picture, and it is a potential which should be directed toward the U.S. market.

Obviously, there will be competition for selling the technological services needed to produce the crude oil and gas, just as there will be competition for buying the oil and gas which will be produced. It seems in our national interest to do all possible to see that the logical development of a greater exchange between Mexico and the U.S. of technology, crude oil and gas takes place. The proximity of the two nations should normally produce such an increased exchange, but it seems imperative that a forward-looking national strategy be formulated with the objective of securing these invaluable proven resources.

While it is logical to assume that Mexico will sell the majority of its production to the United States it could well be that unless we strengthen our ties Mexico will decide to export to other continents.

The President
May 15, 1978
Page 2

The cost of tankers is low and when the supply crunch comes, as it certainly will, the issue will not be one of a few cents per barrel transportation costs, but the availability of oil on a long-term contractual basis, so it could be that Mexico will find customers elsewhere.

On my most recent visit with President Lopez-Portillo, I noted on leaving that an important Japanese delegation was waiting to call on him. As we know, a number of other countries are beating a path to his door. Finance is not a problem for Mexico's contemplated expansion, which will be greater than two-fold by 1982. Although the Mexicans lack experience, they feel they will be able to handle or buy the offshore technology and have proven their land technology.

President Lopez-Portillo is well aware of our debates in the Congress and does not desire to interfere with our domestic problems, but he did tell me that he felt his request for a \$2.60 price for gas was a fair one, saying that the argument about what we pay domestic producers or Canada is not a valid reason for turning down his offer to sell gas.

I believe that we should attempt now to secure a long-term hold on as much of their future production as we can. The best assurance of a long-term supply is not a paper purchase contract, but a "tubular contract" in the form of a large diameter crude oil pipeline from Southern Mexico to the United States.

Once such a pipeline is operational, the oil becomes a locked-in source. Also, a pipeline financed by the U.S. and international institutions and dependent on throughput for repayment can offer a large measure of security of supply for the U.S.

Another important factor ignored by many observers is that the main source of Mexican gas is "associated" gas, produced in conjunction with the Reforma trend oil. This, of course, means that if the market is not available for such quantities of gas as the fields are capable of producing then the only alternative is to either flare the gas or not produce the oil.

The President
May 15, 1978
Page 3

As mentioned in my letter to you of December 16, 1977, the economics of constructing a pipeline for this gas are favorable, and of equal importance is the fact that the construction of a gas pipeline would assist in creating new jobs. As you are well aware, President Lopez-Portillo is deeply concerned about the vital need to create jobs, and he shares our concern about the lack of employment opportunity in Mexico and the resultant flow of illegal immigrants into the U.S.A.

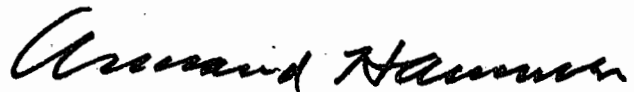
While there are some who feel that economic pressures are working for the United States, since Mexico imports 70 percent of its needs from our country, we believe that consideration should be given to developing a bilateral trade agreement whereby Mexican energy exports would be used for guaranteed purchases in the United States, thus strengthening the dollar.

Lastly, I wish to point out that the Reforma, Campeche trend is one of the great new oil provinces of the world. The Mexicans are going to more than double their production. Why should they not triple or quadruple it and why should this not be done in consort with American suppliers of oil field equipment, which would in turn further assist our economy?

Please be assured, Mr. President, that it is my intention to continue to do everything possible to ascertain that our relations with Mexico continue to prosper and that this very significant source of new energy is allocated to the United States.

With the warmest expressions of esteem and friendship,
I am,

Respectfully,



AH:lst

CONFORMED COPY OF MEMORANDUM TO DOCTOR HAMMER
FROM R. H. VAUGHN

INTRODUCTION

This memo is to summarize the findings and impressions of the Mexican oil and gas potential obtained on our recent trip to Mexico.

Bob Teitsworth, Charles Horace and I were received at Pemex's headquarters and given a complete review by senior staff geologists and engineers of all of their activities throughout Mexico. They were most courteous and gracious and amazingly open with their information. Subject only to the partial language barrier, they answered every question we threw at them, showed us detailed maps, seismic profiles and whatever we asked to see. The next day we were flown to Vallahermosa, site of Pemex's field headquarters for their new "Reforma" area activities in the States of Chiapas and Tabasco and their offshore work in the Gulf of Campeche. Again we were given a review in even more detail at their offices and then visited two of their field facilities, a gas-oil separation plant in the Antonio Bermudez field complex and a gas plant-sulfur extraction facility in the Cactus and Sitio-Grande field area, both of which I might add were very impressive.

OBSERVATIONS REGARDING MEXICAN OIL AND GAS POTENTIAL

1. Mexico's presently PROVEN reserves are in the order of 14 billion barrels of which approximately half are located in the new Reforma area. (Forty percent of the latter are in the form of gas expressed in oil equivalents.)
2. PROBABLE reserves, while less well defined are in the order of another 10 billion barrels.
3. POTENTIAL reserves are enormous, but difficult to quantify based on our limited exposure. Another 100 billion barrels may not be an out-of-line estimate. In the Reforma area alone, 60 structures are seismically defined and ready to drill and another 40 partially defined awaiting further detail seismic work. Considering their success ratio to date of about 75 percent and the geological similarity of their major Reforma fields to the untested features, huge reserves almost certainly remain to be drilled. The Reforma area has to rate as one of the world's great oil provinces.
4. Their present production is 1.2 million barrels per day (of which 67 percent is from Reforma area) and is limited by associated gas disposal. The Reforma fields production could immediately be increased another 30 percent to 40 percent with additional gas outlets.

5. They plan to double production to 2.4 million barrels per day by 1980-81. This can be accomplished by increasing their drilling rigs from 150 to 250. With further acceleration of drilling and construction and with a gas outlet to the U.S., perhaps 3.5 to 4.0 million barrels per day could be achieved shortly thereafter.
6. The largest field in the Reforma area is the Antonio J. Bermudez complex discovered in 1972 and is currently producing over 500,000 barrels per day. We visited the main gas-oil separation plant in the complex which handles about 320,000 barrels per day from 34 wells. This field is only partially developed. Individual wells can produce up to 40,000 barrels per day each and the Reforma area wells average 7500 barrels per day apiece. (Note: The new "Paredon" field discovery has an oil column that exceeds 3000 feet and will certainly have production rates that exceed the foregoing.)
7. Pemex's total gas production at present is over 2,000,000 McF/D of which slightly over half comes from their old producing areas and the balance from Reforma. They have reduced the flared gas total to 200,000 McF/D from over 500,000 McF/D last year. They are shutting in dry gas production where ever possible to utilize the Reforma associated gas.
8. The gas/oil ratios in the Reforma field ranges from 1000 to 6000 and perhaps average 2500 to 3000. Thus if oil production were increased to say 3 million barrels per day the associated gas production alone would range from 7 to 9 million McF/D.

Considering the geological potential of both the onshore and offshore areas of southern Mexico, the foregoing numbers are probably a very small percentage of their ultimate producing capability.

9. They have barely scratched the surface (literally and figuratively) in their offshore effort in the Gulf of Campeche on the west shelf of the Yucatan Peninsula. They have drilled about half a dozen tests of which three are discoveries and two have blown out. Their production here is from basal Paleocene limestone breccias in contrast to the older, i.e. Middle Cretaceous production, at the Reforma area. Perhaps the Middle Cretaceous will also be productive offshore. They haven't yet explored to those depths. In any event the offshore potential is also enormous. They have defined perhaps fifty structures offshore in a relatively limited area. The entire western and northern shelves of the Yucatan could well be productive.
10. In addition to the new Reforma and Campeche areas and their older producing areas, the Mexicans are also exploring in the ancestral Golfo de Sabinas area north of Monterray where they have already made several gas discoveries and in Baja, California, where exploration has barely commenced with one small gas discovery to date. It is too early to attribute significant reserves to either of these areas, but they too hold promise of contributing to Mexico's ultimate hydrocarbon wealth.

CONCLUSION

The oil and gas potential of southern Mexico, that is the onshore Reforma trend and the offshore shelf of the Yucatan Peninsula, is absolutely mind boggling.

They have truly discovered one of the world's great oil provinces which will eventually rival the Irans and Kuwaits of the Middle East and exceed the North Sea fields of U.K. and Norway.

There is no question about their capacity to supply an important share of the United States gas demands and oil imports for decades to come. Every effort should be made to accelerate the development of these supplies and secure them for U.S. consumption on a long-term basis and at the earliest possible time. The price can only go up the longer we delay.

Considering the cost of LNG which will certainly escalate dramatically with time and the political instability of most LNG sources, an overland gas pipeline from Mexico is in the highest national interest. Furthermore, if the Mexicans would allow it, a crude oil line should also be considered.

The obvious impact on OPEC, world crude prices and our balance of payments by our securing these resources cannot be overemphasized.



INTER-OFFICE MEMORANDUM

TO: Dr. Armond Hammer DATE: January 25, 1978

FROM: R. H. Vaughan COUNTRY: Mexico

SUBJECT: OBSERVATIONS REGARDING MEXICAN OIL AND GAS POTENTIAL

INTRODUCTION

This memo is to summarize the findings and impressions of the Mexican oil and gas potential obtained on our recent trip to Mexico.

Bob Teitworth, Charles Horace and I were received at Pemex's headquarters and given a complete review by senior staff geologists and engineers of all of their activities throughout Mexico. They were most courteous and gracious and amazingly open with their information. Subject only to the partial language barrier, they answered every question we threw at them, showed us detailed maps, seismic profiles and whatever we asked to see. The next day we were flown to Villahermosa, site of Pemex's field headquarters for their new "Reforma" area activities in the States of Chiapas and Tabasco and their offshore work in the Gulf of Campeche. Again we were given a review in even more detail at their offices and then visited two of their field facilities, a gas-oil separation plant in the Antonio Bermudez field complex and a gas plant-sulfur extraction facility in the Cactus and Sitio-Grande field area, both of which I might add were very impressive.

OBSERVATIONS

1. Mexico's presently PROVEN reserves are in the order of 14 billion barrels of which approximately half are located in the new Reforma area. (Forty percent of the latter are in the form of gas expressed in oil equivalents.)
2. PROBABLE reserves while less well defined are in the order of another 10 billion barrels.
3. POTENTIAL reserves are enormous, but difficult to quantify based on our limited exposure. Another 100 billion barrels may not be an out-of-line estimate. In the Reforma area alone, 60 structures are seismically defined and ready to drill and another 40 partially defined awaiting further detail seismic work. Considering their success ratio to date of about 75 percent and the geological similarity of their major Reforma fields to the untested features, huge reserves almost certainly remain to be drilled. The Reforma area has to rate as one of the world's great oil provinces.

To: Dr. Armand Hammer -2-
From: R. H. Vaughan
Subject: Observations Regarding Mexican Oil and Gas Potential

January 25, 1978

4. Their present production is 1.2 million barrels per day (of which 67 percent is from Reforma area) and is limited by associated gas disposal. The Reforma fields production could immediately be increased another 30 percent to 40 percent with additional gas outlets.
5. They plan to double production to 2.4 million barrels per day by 1980-81. This can be accomplished by increasing their drilling rigs from 150 to 250. With further acceleration of drilling and construction and with a gas outlet to the U.S., perhaps 3.5 to 4.0 million barrels per day could be achieved shortly thereafter.
6. The largest field in the Reforma area is the Antonio J. Bermudez complex discovered in 1972 and is currently producing over 500,000 barrels per day. We visited the main gas-oil separation plant in the complex which handles about 320,000 barrels per day from 34 wells. This field is only partially developed. Individual wells can produce up to 40,000 barrels per day each and the Reforma area wells average 7500 barrels per day apiece. (Note: The new "Paredon" field discovery has an oil column that exceeds 3000 feet and will certainly have production rates that exceed the foregoing.)
7. Pemex's total gas production at present is over 2,000,000 Mcf/D of which slightly over half comes from their old producing areas and the balance from Reforma. They have reduced the flared gas total to 200,000 Mcf/D from over 500,000 Mcf/D last year. They are shutting in dry gas production where ever possible to utilize the Reforma associated gas.
8. The gas/oil ratios in the Reforma field ranges from 1000 to 6000 and perhaps average 2500 to 3000. Thus if oil production were increased to say 3 million barrels per day the associated gas production alone would range from 7 to 9 million Mcf/D.

Considering the geological potential of both the onshore and offshore areas of southern Mexico, the foregoing numbers are probably a very small percentage of their ultimate producing capability.

9. They have barely scratched the surface (literally and figuratively) in their offshore effort in the Gulf of Campeche on the west shelf of the Yucatan Peninsula. They have drilled about half a dozen tests of which three are discoveries and two have blown out. Their production here is from basal Paleocene limestones breccias in contrast to the older, i.e. Middle Cretaceous production, at the Reforma area. Perhaps the Middle Cretaceous will also be productive offshore. They haven't yet explored to those depths. In any event the offshore potential is also enormous. They have defined perhaps fifty structures offshore in a relatively limited area. The entire western and northern shelves of the Yucatan could well be productive.

To: Dr. Armand Hammer
From: R. H. Vaughan
Subject: Observations Regarding Mexican Oil and Gas Potential

-3-

January 25, 1978

10. In addition to the new Reforma and Campeche areas and their older producing areas, the Mexicans are also exploring in the ancestral Golfo de Sabinas area north of Monterrey where they have already made several gas discoveries and in Baja, California, where exploration has barely commenced with one small gas discovery to date. It is too early to attribute significant reserves to either of these areas, but they too hold promise of contributing to Mexico's ultimate hydrocarbon wealth.

CONCLUSION

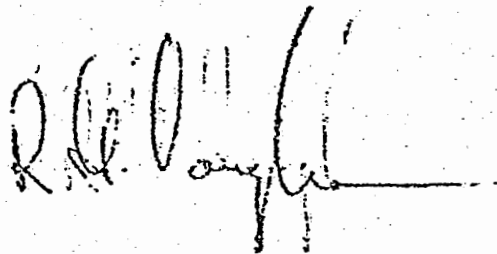
The oil and gas potential of southern Mexico, that is the onshore Reforma trend and the offshore shelf of the Yucatan Peninsula, is absolutely mind boggling.

They have truly discovered one of the world's great oil provinces which will eventually rival the Iran and Kuwait of the Middle East and exceed the North Sea fields of U.K. and Norway.

There is no question about their capacity to supply an important share of the United States gas demands and oil imports for decades to come. Every effort should be made to accelerate the development of these supplies and secure them for U.S. consumption on a long-term basis and at the earliest possible time. The price can only go up the longer we delay.

Considering the cost of LNG which will certainly escalate dramatically with time and the political instability of most LNG sources, an overland gas pipeline from Mexico is in the highest national interest. Furthermore, if the Mexicans would allow it, a crude oil line should also be considered.

The obvious impact on OPEC, world crude prices and our balance of payments by our securing these resources cannot be overemphasized.



PRESIDENT JIMMY CARTER
STATEMENT RE MID EAST ARMS SALES PACKAGE VOTE
MONDAY, MAY 15, 1978

1

I AM DEEPLY GRATIFIED BY THE SENATE'S DECISION TODAY WHICH WILL PERMIT THE PROPOSED ARMS SALES TO ISRAEL, EGYPT AND SAUDI ARABIA.

THAT ACTION REAFFIRMS OUR HISTORIC AND UNSHAKABLE COMMITMENT TO THE SECURITY OF ISRAEL -- A COMMITMENT WHICH WILL CONTINUE TO HAVE THE UNWAVERING SUPPORT OF THIS ADMINISTRATION AND THE AMERICAN PEOPLE.

(AT THE SAME TIME,....)

2

AT THE SAME TIME, THE SENATE VOTE STRENGTHENS OUR TIES WITH MODERATE ARAB NATIONS WHO SHARE OUR GOAL OF PEACE AND STABILITY IN THE REGION.

WE ALSO HONOR BIPARTISAN PLEDGES MADE BY THE PREVIOUS ADMINISTRATION AS WELL AS MY OWN TO HELP OUR FRIENDS IN THE MIDDLE EAST MEET THEIR LEGITIMATE NEEDS FOR SELF-DEFENSE.

(THE APPROVAL OF THESE SALES,....)

THE APPROVAL OF THESE SALES WILL NOT VIOLATE THE ARMS LIMITATION POLICY OF THIS ADMINISTRATION, WHICH I ANNOUNCED LAST MAY.

THAT PLEDGE TO LIMIT ARMS SALES WILL BE MET.

IF AND WHEN OTHER NATIONS ARE WILLING TO JOIN WITH US IN MUTUAL RESTRAINT ON THE SALE OF CONVENTIONAL WEAPONS, EVEN GREATER REDUCTIONS WILL BE POSSIBLE.

(IN THE MEANTIME,...)

IN THE MEANTIME, THE SENATE'S ACTION MAKES IT CLEAR THAT THE UNITED STATES STANDS READY TO PROVIDE NEEDED ASSISTANCE WHEN UNRESTRAINED ARMS SALES BY OTHER NATIONS POSE A THREAT TO THE SECURITY OF OUR FRIENDS AND ALLIES.

WITH THIS ISSUE RESOLVED, THE SHARP DEBATE OVER THE PROPOSED SALES CAN NOW BE PUT BEHIND, AND ALL OF US CAN NOW CONCENTRATE OUR FULL ATTENTION ON FINDING A SOUND AND JUST BASIS FOR PERMANENT PEACE.

(THE U.S. WILL CONTINUE TO PLAY,...)

THE U.S. WILL CONTINUE TO PLAY A RESPONSIBLE AND ACTIVE ROLE
IN THE SEARCH FOR PEACE IN THE MIDDLE EAST.

WE WILL INTENSIFY OUR EFFORT TO HELP THE PARTIES NARROW THEIR
DIFFERENCES.

OUR OWN NATIONAL INTEREST AND MORAL VALUES PERMIT US TO DO NO
LESS.

#

2523

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Zbig Rzezinski

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Hamilton Jordan

GROMYKO VISIT TO WASHINGTON

~~SECRET~~ ATTACHMENT

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-12-22-1-3

BY KS NARA DATE 4/16/13

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
<input checked="" type="checkbox"/>	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

MEMORANDUM

~~SECRET~~

~~SECRET~~

THE WHITE HOUSE
WASHINGTON

May 13, 1978

~~SECRET~~

This seems to be an overreaction - but I'll look into it - J

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB*
SUBJECT: Gromyko Visit to Washington

Gromyko has proposed May 22-23 for his visit to Washington, and Cy is suggesting that you meet with him on the 23rd.

I have strong objections to this proposal. I will be in China on May 22-23 and the Soviet proposal is clearly timed to embarrass the Chinese. The press reaction is likely to be at best ambiguous and potentially critical. We will be seen as failing to play our China card properly. The fact that the Soviets proposed these dates speaks for itself. 7

Moreover, your conversation with Gromyko may involve some significant decisions regarding SALT, and it would be odd if your Assistant for National Security Affairs was absent. I may add that I was also absent during your last meeting with Gromyko (I was meeting with Schmidt), and I think it is important that you have a very united Administration behind you if the meeting with Gromyko is to involve any mutual concessions.

In the light of the above, I recommend that you tell Cy that you want the meeting held when I have returned from China, e.g., late on the 25th or any time thereafter.

Finally, I should add that we deliberately postponed my trip so that it would not coincide with Cy's visit to Moscow; I think it would be ironic if we now permit the Soviets to turn the cards on us, and give a slap to the Chinese.

Please also speak to Harold about this.

~~SECRET~~

~~SECRET~~

~~SECRET~~

DECLASSIFIED

Per, Rac Project

ESDN; NLC-126-12-22-1-3

BY KS NARA DATE 4/16/13

WASHINGTON

DATE: 09 MAY 78

FOR ACTION: STU EIZENSTAT +

JODY POWELL

JIM MCINTYRE

HAMILTON JORDAN

FRANK MOORE (LES FRANCIS) +

CHARLIE SCHULTZE

concur

INFO ONLY: THE VICE PRESIDENT

~~SECRET~~SUBJECT: ~~SECRET~~ OWEN MEMO RE ENERGY AND THE SUMMIT

+++++
+ RESPONSE DUE TO RICK HUTCHESON. STAFF SECRETARY (456-7052) +
+ BY: 1200 PM THURSDAY 11 MAY 78 +
+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

DECLASSIFIED
Per, Rac Project
ESDN: NLC-126-12-22-1-5
BY KS NARA DATE 4/16/13

THE WHITE HOUSE

WASHINGTON

May 15, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Talking Points for the Calls
to Jewish Leaders

Attached are the talking points you requested for the Jewish leaders. I drafted these together with Zbig and his staff. Zbig has reviewed them and approves of them.

I had put in the following in an earlier draft:

As a result of the Senate's action, Israel will receive aircraft in the 1980s which will insure that her margin of military superiority does not erode. The limitations placed on the aircraft to be sold to Saudi Arabia ensure far greater protection to Israel than would have been the case had she purchased those aircrafts from France or other countries. Saudi Arabia wants the planes for defense purposes, they are equipped for defensive purposes only, and the Saudis know they would irreparably damage their relations with the U.S. by using them otherwise.

Zbig had no substantive disagreements with it but thought that your message should be a reassurance about the future rather than a justification of the sales. I agree but have provided this paragraph in case you are asked about the use of these planes. I have also given Bob Lipshutz a copy and he concurs.

TALKING POINTS FOR POST-ARMS SALES CALLS
TO JEWISH LEADERS

- I recognize the concerns you had about the Middle East arms sales. I strongly believe this will strengthen moderate forces in the Middle East and will help to move Israel's neighbors toward eventual accommodation.
- The controversy and debate surrounding these sales had the unfortunate consequence of appearing to set the Administration in opposition to Israel. Nothing could be further from our intentions.
- Israel's security is central to our Middle East policy. Our commitment to Israel is total and is rooted in a deep moral bond between our people.
- Our dedication to a Middle East peace which will insure Israel's right to live in peace with her neighbors is unquestioned. We know that only a strong Israel can negotiate a peace that will have a chance of enduring.
- Drawing on her strength, and without undeviating commitment to her security, Israel will be able to convince her neighbors that negotiations, not war, offer the only hope of achieving a just resolution of the issues in dispute. Egypt under President Sadat has already taken a large step in the direction of accommodation. By strengthening our relations with Egypt and Saudi Arabia, we believe that the prospects for moderate forces to prevail in the Middle East will be enhanced.
- Israel occupies a very special place in our foreign policy. The "special relationship" that has existed for 30 years has not been altered and will not be. We will remain attentive to Israel's security needs in the months and years ahead and will continue to respond sympathetically and generously to meet Israel's requirements.
- As I told Prime Minister Begin earlier this month, we have stood at Israel's side in the past and we will do so in the future.
- With the debate over the arms sales behind us, it is important again to focus on the diplomacy of peace. As we try to help the parties bridge their differences, we will be particularly attentive to Israel's legitimate security needs.

- Israel's friends in the United States need not fear that we will lose sight of our fundamental goal of helping a strong Israel achieve the peace and recognition that she deserves.
- Most important of all: the debate that has just taken place is a debate among friends who share the same goals for America and for Israel -- we may occasionally disagree over means but we seek the same outcome.

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Bob Lipshutz

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Tim Kraft

THE WHITE HOUSE
WASHINGTON

5-15-78

To Bob Lipshutz

Give me a quick
status report on
Omni Walden's
appointment -

J

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Frank Moore

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Phil Wise
Fran Voorde

THE WHITE HOUSE
WASHINGTON

5-15-78

Frank

Mathias +

wants to meet
with me - Set
it up

J

9:45 AM

THE WHITE HOUSE

WASHINGTON

May 13, 1978

Q
—

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: Meeting with Secretary Marshall on
Labor Law Reform Strategy
Monday, May 15, 1978 9:45 Oval Office

Secretary Marshall wants to discuss the following subjects with you in order to develop a strategy for the final battles on Labor Law Reform.

- ° he will update you on the Hill situation;
- ° he will ask your decision on his request that you do two public events to demonstrate your personal interest in the reform (see his recommendations and Stu's response attached);
- ° he will ask about your willingness to contact and meet with Senators, as necessary.

Landon and Stu have been asked to attend with the Secretary.

7170

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON.

May 9, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: RAY MARSHALL (RM)

SUBJECT: Labor Law Reform

Recommended Presidential actions on Labor Law Reform:

- 1) Schedule a meeting next week with the victims of labor law violations to let you hear first hand what these workers have to say. This event should be well publicized.
- 2) Begin your next press conference with a statement on labor law reform. Ideally, this should be made from the perspective of a businessman. Could also stress results of meetings with victims of labor law violations.

18-2

THE WHITE HOUSE
WASHINGTON

John

May 11, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Sh*

SUBJECT:

Suggested Labor Law Reform
Meetings

I recommend against a meeting with workers or a press conference statement. The battle over Labor Law Reform has now narrowed to a half a dozen Senators. Their votes won't be affected by Presidential publicity. More publicity is of little value in increasing our "good will" from the AFL-CIO. The AFL-CIO's view of our commitment on this issue will depend on our willingness to use maximum pressure to help stop the filibuster. And from a national political standpoint the less visible you are on this divisive issue, the better.

2621

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: The Vice President
Stu Eizenstat
Hamilton Jordan
Jack Watson

ADMINISTRATIVELY CONFIDENTIAL

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

(Em has
copy)

✓	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

✓	VICE PRESIDENT
✓	EIZENSTAT
✓	JORDAN
	KRAFT
	LIPSHUTZ
✓	MOORE
	POWELL
✓	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

THE WHITE HOUSE
WASHINGTON

Tobias +
Muskie +
Nelson L +
Williams L +

THE WHITE HOUSE
WASHINGTON

May 12, 1978

Frank

J

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: THE PRESIDENT
FROM: FRANK MOORE
SUBJECT: Weekly Legislative Report

DOMESTIC POLICY ISSUES

1. ENERGY

-- The House conferees met last Wednesday and Thursday in sessions devoted exclusively to detailed staff explanation of the compromise natural gas provisions. They are tentatively scheduled to meet again on Tuesday afternoon. We are still looking for Joe Waggoner's vote.

2. ECONOMIC PACKAGE

Taxes: Treasury continues to work with Bobby Shapiro of the Joint Taxation Committee on the compromise package.

Social Security: Rostenkowski, as Chairman of the Ways & Means Subcommittee with jurisdiction over the Hospital Insurance (HI) trust fund, is particularly upset by the outcome of the full Committee's action last week. To the extent that HI is financed by general revenues, the jurisdiction of the Rostenkowski Subcommittee would be chipped away. Under House rules, health programs financed by general revenues are under the Paul Rogers' Health Subcommittee of the Interstate & Foreign Commerce Committee. The jurisdictional battle is highly visible because of its relationship to action on any National Health Insurance proposal.

CETA: The Senate Human Resources Committee reported out the CETA bill last Thursday. The major issue of the day was allocation formulas. The Committee retained the Title VI formula. In Title II (the training and services portion) the Committee decided that the current formula based on numbers over 6.5% unemployment for 3 consecutive months will be used for the first year and in the following years over 6.5% on a 12 month average. In Title II (the structural public service employment portion) the Committee adopted a much more highly targetted formula than in the House bill.

-- The Committee also deleted any "trigger" provisions for public service employment, using only "such sums as may be necessary" language. This was important to DOL since the use of a trigger (given other changes in the bill) would have provided more jobs than originally requested.

-- In the area of wages, the Committee retained the \$7,800 average and in effect, provided that no wage in any area for any employee can go over \$14,400.

A strong effort to raise this level was defeated due to strong lobbying by DOL. However, over strong opposition by DOL and unions, the Committee adopted a Hayakawa provision to allow for up to 10 demonstration projects for youth to test the efficacy of wage subsidies.

-- DOL advises that in comparing the Senate bill and the House bill, the most objectionable amendments on either side do not exist in the other. DOL hopes that problems can be taken care of either on the floor or in conference. The House will probably consider the bill sometime in early June and the Senate sometime after Labor Law Reform.

3. CIVIL SERVICE REFORM/REORGANIZATION

-- The House Post Office & Civil Service Committee is concluding hearings on the Reform legislation Monday. The Committee is still scheduled to mark-up the bill on May 22 and 24, although that may slip a few days. Mo Udall does not yet have a majority of the Democrats in agreement on the key issues; however, the disagreements are more on details than whether the key issues (such as changes in the appeals system, veterans' preference or the Senior Executive Service) ought to be voted upon at all. The Committee has been focusing on the labor-management title almost exclusively. The Committee staff has told Mo Udall that there are 14 guaranteed votes against Bill Ford's liberal, pro-labor provisions (8 Republicans, 6 Democrats). In looking for concessions and compromises, Udall is giving least on labor.

-- Bill Clay, chief sponsor of the Hatch Act reform legislation, will undoubtedly try to add the House-passed Hatch Act bill to the Civil Service Reform legislation at mark-up. His strategy is clear: if successful in clearing the House, the issue goes to the conference committee, as undoubtedly a Senate-passed reform bill will not have the Hatch Act tacked-on. If it survives the conference, then the only Senate vote on Hatch Act reform would be on the conference report on Civil Service Reform. Mo Udall is not very hot on this. If the Committee does report it (Hatch Act) to the House floor, it will have a serious impact on the Civil Service Reform bill. There were 167 House votes against the Hatch Act bill in the first session, which would in all likelihood be negative votes on Civil Service Reform if the Hatch Act provisions are added.

-- Charles H. Wilson (D-Calif.), Chairman of the Postal Personnel and Modernization Subcommittee, stated publicly this week that he will try to get the Democrats of the Committee who support H.R. 7700 (Postal Service Act of 1978) to delay action on Civil Service Reform because he believed the Administration was slowing movement in the Senate on the Postal Reform bill. Scotty Campbell and Bob Malson (Stu Eizenstat's staff) met with Wilson on Thursday and assured him that the Administration was not deliberately trying to stall Senate action on the Postal Reform bill. We do not believe that Wilson has much, if any, support in his attempt to play hard ball with the Administration on this issue.

-- CSC reports that there is a well-orchestrated attempt to embarrass the Administration, and consequently defeat Civil Service Reform, for not releasing to the Congress and the public the so-called "Lyle Report". There is a cadre of local negative reporters and one Member of the House (John Moss) who are primarily behind the effort, although John Dingell has an interest as well. Almost unwittingly, some key members of the House Post Office & Civil Service Committee have been dragged into it. The "Lyle Report" is a transition document prepared by a young attorney, Ed Lyle, who worked with Jules Sugarman during the transition

on civil service matters. It was prepared as an information document that condensed then-existing materials on allegations of official wrongdoing by career officials at the Civil Service Commission. The report contains profiles on 8 Civil Service officials (2 of whom have since left) which at best are speculative analyses of a lot of raw, unevaluated information. The sole recommendation in the report is that the matter be further investigated. CSC believes that although the events described in the report occurred in prior Administrations, official release of the report could be very damaging to the individuals named.

-- Commerce advises that some staff and Members of the Veterans' Committee believe that they have been overlooked by the Administration on the veterans preference provision, and we may want to touch base with them and perhaps schedule a Hill briefing.

-- The Senate mark-up on the legislation is set for Wednesday and the House mark-up is scheduled to begin on May 22. Inter-agency teams will meet with every Member of both Committees prior to the mark-ups.

-- Within the Senate Committee, we were surprised at the lack of aggressiveness by Senator Ribicoff and his staff on securing proxies for the Ribicoff lobby reform bill. This is a clear signal that we must now become deeply involved with the staff and members to secure commitments in proxies for the Chairman on civil service reform. Our involvement in what is normally internal committee procedures will have to be more pronounced than usual, and we will have to handle it delicately.

4. HOSPITAL COST CONTAINMENT

-- The full Commerce Committee is expected to begin its mark-up of the Hospital Cost Containment legislation next week, although a specific date has not been set. HEW is continuing to work closely with Paul Rogers and the House leadership in rounding-up the votes needed for approval of the bill in full committee.

-- In the Senate, we continue to have problems with the Finance Committee's staff who feel that the labor pass-through is dangerously inflationary and unfair. This presents real dangers for us since the Finance Committee will prevail in any floor fight. Committee staff allege that HEW is not bargaining in good faith and want an agreement from the Administration to support the general concepts of their bill as the price for moving hospital cost containment legislation.

probably
is

5. AIRLINE DEREGULATION

-- On Monday the House Public Works Committee is scheduled to report out the airline reform bill. We have talked with Rep. Levitas and feel good about getting the bill out of Committee. The Committee leadership has indicated that they need our complete support in moving the bill on the floor. Speaker O'Neill and Majority Leader Wright are not very enthusiastic about our bill and we will need their help for floor passage. If we can get this bill to conference, Senator Cannon will strongly advocate our position.

6. LABOR LAW REFORM

-- On Friday, WH CL and DOL CL staff completed a final meeting with the union people in preparation for the filibuster. Debate begins on Tuesday.

-- Because attendance is likely to fall-off prior to the recess and because the "gettable" votes are likely to be more easily identified by the opposition, we strongly believe that no cloture vote should be held until after the Memorial Day recess. We will try to convince Senator Byrd that this is the best strategy. The outcome is still in doubt. We will not get close to the required 60 votes until the third or fourth cloture vote.

-- Opponents of the bill have already filed roughly 260 amendments, and as many as 200 more are expected. All but a handful of the amendments filed are the product of Senators Hatch, Helms, Lugar, and Thurmond. Secretary Marshall is continuing his one-on-one discussions with targeted Senators.

7. ALASKA D-2 LANDS

-- The Rules Committee met on Thursday to hear the rule request from Udall, but took no final action (a delaying motion to adjourn was adopted 7 to 6). The Committee could not get a quorum on Friday. After your conversation with the Speaker, he persuaded Meeds to release his commitments from Rules Committee members.

-- A major procedural question in the minds of many House Members is why go through a tough fight when Senator Byrd indicates that he will not bring the bill up this year? Many House Members believe that they have walked the plank for the Speaker and the President many times only to see their courage rewarded by the Senate not facing up to the issue.

-- The Speaker is committed to both you and Mo Udall to go ahead with the bill (it is tentatively scheduled for floor action on Thursday). We believe that the bill will run into serious trouble on the House floor. The alliance of labor and business will be very difficult to beat, particularly when they are led by Lloyd Meeds, who has been closely associated with Alaskan issues (he was the author of the Alaska Native Claims Act and has been referred to as "Mr. Alaska"). Meeds, who is retiring, is a smart, hard-working liberal with a good environmental record and he is respected by many Members.

-- Senator Byrd is reluctant to discuss scheduling of this bill until after cloture votes on Labor Law Reform. Senator Stevens has threatened not to support cloture on Labor Law if a commitment is made to schedule the Alaska Lands bill. As you know, Senator Byrd and Stevens have a particularly close working relationship. Senate CL staff suggest that you not approach Senator Byrd further on this issue until the second week in June.

8. URBAN POLICY

-- Under Anne Wexler's direction, the Executive Branch players are finally beginning to get their act together on the urban policy package. A number of bills are still not yet cleared for the Hill, but progress is being made. Last week, Treasury ran into computer run problems on the Supplemental Fiscal Assistance legislation formula, but hopefully this issue will be resolved early next week.

-- A kick-off for the Labor Intensive Public Works legislation (Commerce lead) is scheduled for next week. Also, White House meetings and briefings for Hill staff and public interest groups are being arranged in an effort to educate people on what is actually in the package and to drum up support.

9. APPROPRIATIONS

-- Foreign Operations Appropriations and Defense Appropriations are covered in the second section of this memo.

Labor/HEW: This House subcommittee held its mark-up session last Thursday. The subcommittee recommended a net increase of \$643.3 million over our request of \$57.3 billion for the programs considered. However, subcommittee action reduced the requests for two uncontrollable entitlement programs--AFDC benefit payments and medicaid--by \$244 million. Thus, this bill contains an increase of \$887 million for discretionary programs. The subcommittee deferred action on \$17.6 million of requests for programs still requiring authorization (e.g., CETA, certain HEW programs).

-- The major changes to your requests are outlined below:

+ \$305.6 million and 200 additional positions for the National Institutes of health.

+ \$257.5 million for student assistance, primarily basic educational opportunity grants.

+ \$123.3 million for health resources, including \$59.8 million for capitation grants.

+ \$103 million for elementary and secondary education, primarily for grants to disadvantaged children.

+ \$70 million for supplemental educational opportunity grants.

- \$80 million from the request for work study.

- \$50 million for higher and continuing education. This cut represents denial of the recently transmitted request to assist institutions in removing structural impediments to handicapped persons.

-- The subcommittee recommended inclusion of previous, controversial general provisions concerning busing and abortion. Concerning the latter, the Members supported the strict prohibition of Federal funding contained in the 1977 appropriation bill, rather than the liberalized version approved after several months of debate on the 1978 bill.

-- Action on this bill by the full House Appropriations Committee is scheduled for June 1.

Agriculture: This House subcommittee added about \$400 million in discretionary items to our request for this bill at its mark-up last Wednesday. These increases, however, will be camouflaged by cuts to the uncontrollable CCC program, a speciality of Chairman Whitten.

-- Major program increase above our request include:

- +\$90 million for the Agriculture Conservation Program.
- +\$70 million for Soil Conservation Service.
- +\$40 million for Agriculture Research Service.
- +\$80 million for child nutrition programs.
- +\$35 million for rural water and sewer programs.

-- The subcommittee also plans to separate the "salaries and expenses" accounts for major bureaus into two separate pieces. The effect of this action would be to mandate Committee-initiated personnel increases, since the Administration could not legally shift personnel funds into other purposes without submitting rescission or deferral messages. Consequently, there is a potential weakening of Executive power here, and OMB intends to follow carefully the progress of this proposed account restructuring.

-- The Senate Agriculture subcommittee has scheduled its mark-up for next Friday. The outlook there is rather confused, given that the House bill has already included most of the pending election year "gold watches". Nevertheless, the Senators may design some new ones in order to propel their discretionary increase total above the House level.

10. TUITION TAX CREDIT

-- The House version of the tuition tax credit bill was cleared for floor action by the Rules Committee and granted two hours of general debate. The following table, prepared by the Congressional Budget Office, compares the cost of the House bill with the more expensive Packwood-Moynihan bill.

Tax Expenditures
(receipt reductions)

	(in millions of dollars)	
	<u>H.R. 12050</u>	<u>S. 2142</u>
1978	15	39
1979	374	916
1980	612	1,418
1981	657	2,835
1982	---	4,479

-- Amendments that have been cleared for floor debate include Congressman Vanik's proposals to double the percentage of tuition and fees that can be claimed as a tax credit to 50 percent and to extend the tax credit to include elementary and secondary school tuition costs. The Committee also cleared Congressman Mikva's proposal to allow taxpayers to defer a \$1,000 of taxes (graduating to \$2,000 by 1986) which will subsequently be repaid at 3 percent over ten years. The bill will likely be considered on the floor before our grant proposal alternative.

-- OMB advises that the bill is a potential legislative threat to the budget.

11. LOCKS AND DAMS 26/WATERWAY USER FEES

-- OMB reports that the Navigation Development Act, as passed by the Senate last Thursday, added \$1.3 billion for public works projects to the House-passed

version, including construction of locks and dam 26 on the Mississippi River. The bill would also establish waterway user fuel taxes. The Senate rejected a waterway user fuel tax, proposed by Senator Domenici, in favor of a lower tax proposed by Senator Long. A cost recovery provision, included in the Domenici Amendment and particularly favored by the Administration, would cover 10 percent of any new construction project on inland waterways from the first year of operation of the project through the tenth year. However, the provision was excluded in Senate and House-passed versions of the bill. The Senate-proposed fuel tax, which graduates from 4¢ to 12¢, would provide an estimated revenue of \$10 million for each 1¢ tax levied.

-- A table, prepared by OMB, comparing the Administration supported Domenici amendment with the House and Senate bills, follows:

Fuel Tax Revenues
(in millions of dollars)

	Fiscal Year							Cumulative 1980-1990
	1979	1980	1981	1982	1983	1984	1985	
Domenici Amendment* (Administration supported).....	---	40	40	60	80	100	120	1,040
Long Amendment** (Senate bill).....	---	---	---	40	40	60	60	680
House bill.....	---	40	40	60	60	60	60	620

* The table excludes revenue estimates derived from the proposed 10 percent cost recovery provision due to the 8-10 year lag in start-up of construction projects.

** The 4¢ fuel-tax may begin sooner depending upon locks and dam 26 construction start-up.

12. SURFACE TRANSPORTATION

-- OMB reports that the Surface Transportation Assistance Act of 1978 was reported out of the House Subcommittee on Transportation at an authorization level of \$16.4 billion for FY 1979, an addition of \$5.5 billion to the Administration's request for 1979. Highway programs account for \$4 billion of the increase, including \$1.5 billion for bridge replacement. The subcommittee also authorized an additional \$1.3 billion for mass transit programs and \$150 million for highway safety programs. Over a four-year period the bill exceeds our request by \$19.4 billion. Much of these funds would be available for agency use without the need for prior approval by the Appropriations Committees. The full House Committee on Public Works and Transportation marked-up the bill Friday.

-- The Senate Committee on Banking, Housing and Urban Affairs ordered favorably reported a bill strictly related to mass transit, last Wednesday. OMB advises that, if fully funded, this bill would provide an additional \$900 million to our 1979 request. Major increases include \$760 million for discretionary capital grants and \$425 million for operating subsidies. The Senate Committee on Environment and Public Works reported out the Senate highway bill on Thursday. OMB has not yet analyzed the bill. DOT reports that the bill contains most of the important provisions recommended by the Administration (at a level

\$350 million annually over the Administration request) with the notable exception of the combined highway/transit provision which was included in the bill reported by the Banking Committee. DOT is attempting to achieve a compromise on this provision before both bills reach the floor.

13. LOBBYING REFORM

-- The Senate mark-up has been delayed until Monday. We are still hopeful of getting a strong bill; however, we are not hopeful of saving the solicitation disclosure provision which would require disclosure of indirect lobbying.

FOREIGN POLICY AND DEFENSE ISSUES

1. MIDDLE EAST ARMS SALES

-- The Senate vote on a motion to postpone indefinitely will come Monday evening after a full scale debate. We still have an excellent coalition of liberals and conservatives. The public effort you initiated is underway and appears to be working.

-- Meanwhile, the HIRC is tentatively planning to consider the matter on Tuesday and we are continuing to contact members of that committee. The HIRC will undoubtedly be watching the Senate floor and will not make a final decision on a vote until the results from the Senate are in. If the vote in the Senate is close, opponents of the sale may push for a House Committee vote, hoping to force the Senate to reconsider. The HIRC looks evenly divided at this time, but we feel we have a good shot at the undecideds, particularly if the Senate vote goes well.

2. EASTERN MEDITERRANEAN

-- Our 8-4 defeat in the SFRC was a result of Committee exhaustion over the arms sale, lack of any effective Senate leadership on our side to combat Sarbanes' effort, and the fact that the three Republicans took a walk. Because Sarbanes was able to put together only 8 votes under the circumstances suggests that the issue is possibly winnable on the floor. The outlook may improve as the arms sale crisis passes and if the NATO Summit reminds Members of our security interests in the Eastern Mediterranean. Ecevit's Washington visit will help, especially if accompanied by further positive moves by Turkey on the Cyprus issue.

-- Floor votes in both Houses should come in mid to late June. Intensive briefing of House Members and staff and contacts with individual Senators will continue over the course of the next 2-3 weeks.

3. DOD AUTHORIZATION

-- The HASC will go to the Rules Committee on Tuesday to secure a rule on their bill. Floor action is tentatively set for Thursday, but could easily slip. Liberals on the Committee (who tend to have some personal differences among themselves) are likely to try to offer an amendment to strike Stratton's Korea amendment (DOD is working successfully with the Senate Committee on this), an amendment to add-back funds for the cruise missile carrier, and an amendment to strike funds for the Marine Corps Commandant's executive plane. DOD is working toward a floor amendment to delete the nuclear carrier from

from the bill. Les Aspin and George Mahon have agreed to assist and DOD will talk with Jim Wright on Monday. The amendment being discussed in the context of this bill, as well as during the Appropriations mark-up, would substitute a conventional carrier for a nuclear powered carrier.

-- DOD reports that the SASC completed mark-up on Wednesday. Their total was \$595 million above our request. There was a net increase of \$890 million to the \$4.7 billion shipbuilding request. In manpower, they recommended a decrease of 8400 in active military strength and added about 31,000 to the Selected Reserve strengths. Some highlights: CVN and cruise missile carrier are in; nuclear cruiser and TRIDENT are out; added were some F-14, F-18, and A-7Ds; some funds were added for the 120mm tank gun and surface effects ship. In general provisions there is a request that the President report to both Houses on the decision whether to proceed to full-scale development of the M-X, and that the Navy study the comparative costs of performing ship overhauls in public and private shipyards. (This is aimed at slowing down or stopping the proposed Saratoga overhaul in Philadelphia.) They expect to go to the floor in early June.

4. DOD APPROPRIATIONS

-- The House subcommittee mark-up for this bill is scheduled for next Tuesday. The session is expected by subcommittee staff to be difficult and contentious. OMB expects the budget request to be increased by about \$1 billion (the potential threats to the Administration totals exceed \$3 billion). Staff believe that the subcommittee is in a very hawkish mood; and although Sec. Brown and George Mahon are working together in an effort to "hold-the-line," there remains considerable pressure for add-ons.

5. FOREIGN OPERATIONS APPROPRIATIONS

-- The House Appropriations Subcommittee on Foreign Operations completed mark-up on the FY 79 foreign aid bill on Tuesday. By a vote of 9 to 3 (Long; Young, R-Fla.; Smith, R-Neb. - opposed) the Subcommittee approved the recommendation of Dave Obey to provide \$2.7 billion for IFIs. The figure represents a reduction of about \$876 million from the Administration's request of \$3.5 billion. This primarily represents cuts for the International Bank for Reconstruction and Development (-\$365 million), the fourth replenishment of the International Development Association (-\$320 million), the Inter-American Development Bank's fund for special operations (-\$100 million), and the Asian Development Bank (-\$89 million).

-- By voice vote, the Subcommittee adopted report language sponsored by Bill Young which recommends that the President direct the U.S. representatives to the IFIs to initiate and seek approval of charter amendments to require that a standard of human rights be established and applied uniformly to each loan application.

-- The Subcommittee also deleted all country restriction language adopted in the House during consideration of last year's foreign aid bill.

-- By a vote of 5 to 4, the Subcommittee adopted commodity language sponsored by Obey which instructs the U.S. Executive Directors to use "their voice and vote" to oppose loans for the production of any commodity for export, if it is in surplus on world markets and if the assistance will cause substantial injury

to U.S. producers for the same, similar or competing commodity.

-- The Subcommittee also deleted \$120.4 million from the request of \$1.3 billion for functional development assistance, primarily from food and nutrition programs; and deleted \$69 million from the request for military assistance (because of "the availability of large unobligated balances").

-- AID advises that after 'Doc' Long made his proposals for a \$1.5 billion reduction in the banks, Obey took command and masterfully engineered his compromise figures. Also at the Tuesday morning mark-up, Charlie Wilson brought along his Freedom House map and Conte brought along several darts. When the discussion turned to human rights, Conte tossed three darts at the map to demonstrate what he considered to be the silliness of attempting to tag several countries as human rights violators when so many were far from perfect (he noted that two of his darts landed in the Soviet Union). The Subcommittee decided not to single out specific countries as human rights violators in the legislation, but rather to list those human rights violators in the Committee report for which the Administration had failed to make convincing arguments that military aid was justified on national security grounds.

6. PANAMA

-- The Panama battle continued this week in the House. The political volatility of the issue was reflected in the votes on a Hansen amendment to the budget resolution and a Lagomarsino amendment to the foreign assistance legislation. The Hansen amendment, requiring the Panama Canal Company once again to operate on the basis of appropriated funds, was passed by a vote of 231-170 in spite of strong speeches in opposition by the chairmen of Merchant Marine and Fisheries and the Panama Canal Subcommittees. The Lagomarsino amendment, restricting aid to Panama to 25 percent of the revenues it will receive from the Canal, was defeated by a 187-187 vote after vigorous lobbying by State and the House leadership. We can expect treaty opponents in the House to continue testing us throughout the legislative process this year and are guaranteed a series of tough battles.

7. INTERNATIONAL DEVELOPMENT ASSISTANCE AUTHORIZATION

-- The House will complete final action on the bill on Monday. Late Friday, Rep. John Ashbrook (R-Ohio) offered an amendment to the bill which prohibits direct and indirect assistance to Vietnam, Cambodia, and Cuba (Uganda was also tacked on later). The UN agencies which are covered in the authorization are affected, but not the banks. Last year a similar amendment was defeated by a committee-sponsored substitute which eliminated the prohibition on indirect assistance. Derwinski (R-Ill) offered a similar substitute, but was defeated 148 to 155. The Ashbrook prohibition was then adopted by voice vote.

-- We can anticipate continuing difficulties with this type of politically attractive amendment. State called 250 Members' offices in an effort to head off Ashbrook and will analyze the vote to see if the calls and Treasury's education campaign helped sway any Members our way.

MISCELLANEOUS

-- Reaction to your western trip from Tim Wirth, Jerry Patterson, Mark Hannaford, and Tom Foley ranged from very positive to truly exuberant.

-- We are sending out congratulatory notes over your signature to all Democratic primary winners.

-- Phil Burton is furious with OMB CL staff over their successful efforts to defeat (as a suspension) his Omnibus Territories bill.

-- WH CL will meet with Reps. Flowers and Brown next week to develop strategy for the vote on the Clinch River Breeder Reactor, set for May 23.

-- Senator Stevenson has made clear that he would not be concerned about his own position if you were to sign the Waterway User bill. Instead, he is concerned about the effect such a decision would have on your credibility.

-- Although Senator Riegle has a positive voting record with the Administration, he is one of our most vocal critics in the Senate. He has told WH CL that he does not "think the President has a handle on the job." We believe that he is poisoning our well with other Members too.

-- The House leadership pulled out all the stops to pass the budget resolution and defeat amendments to cut a fixed percentage from all categories. Dawson Mathis and Bo Ginn were among the 14 who switched their votes when it really mattered.

-- The Senate leadership has worked out a unanimous consent time agreement for 14 hours of debate on the US-UK Tax Treaty. The Senate will take up the treaty immediately after consideration of the Labor Law Reform bill.

-- The Administration's proposed sugar program met with less than an enthusiastic reception last Thursday in the Finance Subcommittee. Senators from the sugar-producing states dominated the questions and comments. USDA advises that the strongest need now is to complete an analyses of the Administration program and the congressional alternative (the Church-de la Garza bill), and to mobilize our allies -- consumer, refiner, and trade organizations.

-- The Senate slipped by Senator Bentson's beef import bill with no notice on May 5. Vanik's subcommittee will hold hearings on May 22 on similar proposals. USDA advises that interagency work will continue next week to develop an Administration alternative.

-- Commerce reports that the House Committee on Public Works and Transportation is still moving forward with its plans for a third round of Local Public Works. The Committee Members feel the election year pressures creeping up on them and the need to show specific examples to their constituents of their ability to deliver programs to them. Organized labor also appears to be supporting the Committee in its efforts.

-- Treasury continues to take a strong lead on the NYC financial situation.

FLOOR ACTIVITIES, WEEK OF MAY 15

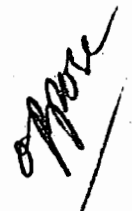
House

-- It will be very difficult for the House to get through the Speaker's ambitious formal schedule next week. What the House schedules this coming week and the following week will be the outside limits to what can be done before moving on to consideration of Appropriations. Nevertheless, the Speaker will continue to push for consideration of a heavy legislative agenda throughout the early summer crunch.

Monday -- 1 suspension:

- 1) Emergency Interim Consumer Product Safety Rule Act. Rescheduled.
- International Development and Food Assistance Authorization. Conclude consideration.
- Budget Resolution Conference Report. OMB advises that the conferees have not yet finished working out their differences on two major issues: defense and education. On defense, Giaino would like to go no higher than the Administration's request for BA, but Senator Hollings is advocating a hefty increase for defense. On education, the House liberals (Mitchell, Obey, and Simon) are refusing to support a resolution with this function below \$33 BILLION in BA. OMB advises that the problem may be caused by a Senate staff technical mistake. The conferees also have to resolve the function for community and regional development which is likely to include funding for much of the urban package as well as more hard public works programs which OMB opposes.
- Debt Limit Increase. The Ways and Means Committee last week agreed to raise the debt ceiling to cover whatever deficit Congress targets for FY 1979. The amount of the deficit will be established by the Budget Resolution conferees.

Tuesday -- 7 suspensions:

- 
- 1) Holdings of Private Foundations in Public Utilities. According to OMB, the Administration opposes this bill to increase, from 50 to 51 percent, the maximum amount of voting stock certain private foundations may own in certain public utility companies without being subject to the excise tax on excess business holdings. This bill would create a special exception (for only one foundation) to the excess business holdings provision and as such would undermine a basic policy goal of the Tax Reform Act of 1969. OMB advises that Guyer (R-Ohio) and Waggoner are the primary sponsors.
 - 2) Duty Suspension on 2-Methyl, 4-Chlorophenol. Committee report unavailable for analysis.
 - 3) Constructive Sale Price for Excise Tax on Certain Trucks, Buses, Tractors, Etc. The Administration does not object to the bill.
 - 4) International Trade Commission Authorization. Committee report unavailable for analysis.

- 5) Exchange Stabilization Fund. The bill would terminate the use of the Exchange Stabilization Fund (ESF) to pay certain administrative expenses (i.e. salaries and related benefit costs) of the Treasury Department and make adjustments for the payment of such expenses through appropriations. The bill was introduced at the request of the Administration, passed the Senate, and reported out amended by the House Banking Committee. OMB advises that the House Committee report is not yet available for analysis.
- 6) Comprehensive Rehabilitation Services Amendments. The bill establishes a permanent authority for vocational rehabilitation programs with \$813 million authorized for FY 1979, provides for increases in subsequent years for the state grant program to be based on increases in the Consumer Price Index. OMB advises that the Committee report on the amended bill is not yet available for analysis. John Brademas is the primary sponsor.
- 7) Older Americans Act Amendments. OMB advises that the Committee report is not yet available for analysis. Brademas is the primary sponsor.
- Humphrey Fellowship. The bill is rescheduled after having been defeated as a suspension.
- D.C. Appropriations for FY 1978 Conference Report.
- DOE National Security Authorization. Rescheduled. Ted Weiss (D-NY) may offer an amendment to prohibit the production of the enhanced radiation weapons.

Wednesday -- Alaskan Lands.

Thursday -- DOD Authorization.

-- Flexible and Compressed Workweek. Rescheduled.

Friday -- Ak-Chin Indians. Rescheduled.

-- Commerce Department Maritime Authorization. According to OMB, the Administration has no objections to the provisions of this bill which authorize funds for the Maritime Administration (MARAD). However, the Administration does object to a section in the bill which would increase the ceiling on loan guarantee authority (from \$7 BILLION to \$10 BILLION) because it does not provide for an annual review, in the budget process, of the use of the new loan guarantee authority. John Murphy is the primary sponsor.

-- Fire Prevention and Control. The Administration does not object to the bill.

Senate

-- After the vote on the arms sale, the Senate will take up Labor Law Reform.

MARCH 27 MEMO

11:15 AM

THE WHITE HOUSE

WASHINGTON

May 13, 1978

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson *Jack*
Bruce Kirshenbaum

SUBJECT: Brief Drop-by at Meeting of the
Interagency Coordinating Council

Place: Roosevelt Room
Time: May 15, 1978 at 11:15 A.M.
Press: Photo Opportunity

I. Purpose.

This is the first meeting of the Interagency Coordinating Council. Your comments at the meeting should underscore the top priority that you assign to this major new initiative and make clear your desire that the members of the Council exert their efforts, individually and collectively, to improve interagency program coordination and to make existing programs work better. Your comments at the meeting can also constitute a good "public" sign that you are following through on your urban policy announcement of March 27th, and that you remain fully committed to its effective implementation. (Some questions have been raised in the press, on the Hill, and elsewhere, about the degree of importance you attach to the urban policy. We can use this brief appearance to show your continuing concern and to demonstrate your eagerness that the Council begin its activities immediately and boldly.)

The Press will have a photo opportunity when you come in and will, therefore, pick up your remarks.

II. Attendance.

The proposed membership of the Council is attached. As you know, these people are the "program managers" of the large domestic programs that have the greatest impact on States, cities and towns.

III. Talking Points.

- o Stress the importance of the Council and its mission of identifying innovative ways Federal programs can be "packaged" across agency lines to achieve the greatest possible results.
- o You might comment briefly on the responsibilities you have given me as Chairman of the Council and the high expectations you have for our work.
- o You might mention that during your recent Western trip you heard from numerous State and local officials about the Council and how important they think it is. You share their belief in the great potential of the Council to bring more coherence and synergism to the Federal Government's execution of its urban programs.
- o You expect the members of the Council, as individuals and as a group, to be innovative, aggressive, bold and tough.

Idaho
Wash
Ore
Alaska

**Electrostatic Copy Made
for Preservation Purposes**

Alex Mercure
Assistant Secretary
Agriculture

Mortimer Downey
Deputy Under Secretary
Transportation

Robert Herbst
Assistant Secretary
Interior

Eugene Eidenberg
Deputy Under Secretary
HEW

Walter Kallaur
Assistant Administrator
GSA

John Lewis
Associate Director
ACTION

Roger Altman
Assistant Secretary
Treasury

John Young
Deputy Under Secretary
Energy

~~Barbara Blum~~ *Doug Castle*
Deputy Administrator
EPA

Patricia Cloherty
Deputy Administrator
SBA

Harrison Wellford
Executive Associate Director
for Reorganization & Management
OMB

William Allison
Deputy Director
Community Services Administration

Robert Embry
Assistant Secretary
HUD

Friederowicz
Walter ~~Pederowicz~~
Associate Deputy Attorney General
Justice

Lawrence Simons
Assistant Secretary
HUD

Robert Hall
Assistant Secretary
Commerce (EDA)

Ernest Green
Assistant Secretary
Labor

rick--

original given to vice president

--ssc

The U.S. and Asia

Mondale And Marco

Haiti	100
Hungary	90
Italy	90
Japan	80
Kenya	70
Laos	70
Lebanon	70
Libya	70
Mexico	70
Nigeria	70
Poland	70
Romania	70
Saudi Arabia	70
Sri Lanka	70
Taiwan	70
Thailand	70
Turkey	70
USSR	70
Yugoslavia	70

NEWSWEEK
MAY 15, 1978
\$2.50
U.S. & CANADA
\$3.50
OTHER COUNTRIES
\$4.50
SUBSCRIPTIONS
1 YEAR \$24.00
2 YEARS \$45.00
3 YEARS \$65.00
4 YEARS \$80.00
5 YEARS \$95.00
6 YEARS \$110.00
7 YEARS \$125.00
8 YEARS \$140.00
9 YEARS \$155.00
10 YEARS \$170.00
11 YEARS \$185.00
12 YEARS \$200.00
13 YEARS \$215.00
14 YEARS \$230.00
15 YEARS \$245.00
16 YEARS \$260.00
17 YEARS \$275.00
18 YEARS \$290.00
19 YEARS \$305.00
20 YEARS \$320.00
21 YEARS \$335.00
22 YEARS \$350.00
23 YEARS \$365.00
24 YEARS \$380.00
25 YEARS \$395.00
26 YEARS \$410.00
27 YEARS \$425.00
28 YEARS \$440.00
29 YEARS \$455.00
30 YEARS \$470.00
31 YEARS \$485.00
32 YEARS \$500.00
33 YEARS \$515.00
34 YEARS \$530.00
35 YEARS \$545.00
36 YEARS \$560.00
37 YEARS \$575.00
38 YEARS \$590.00
39 YEARS \$605.00
40 YEARS \$620.00
41 YEARS \$635.00
42 YEARS \$650.00
43 YEARS \$665.00
44 YEARS \$680.00
45 YEARS \$695.00
46 YEARS \$710.00
47 YEARS \$725.00
48 YEARS \$740.00
49 YEARS \$755.00
50 YEARS \$770.00
51 YEARS \$785.00
52 YEARS \$800.00
53 YEARS \$815.00
54 YEARS \$830.00
55 YEARS \$845.00
56 YEARS \$860.00
57 YEARS \$875.00
58 YEARS \$890.00
59 YEARS \$905.00
60 YEARS \$920.00
61 YEARS \$935.00
62 YEARS \$950.00
63 YEARS \$965.00
64 YEARS \$980.00
65 YEARS \$995.00
66 YEARS \$1010.00
67 YEARS \$1025.00
68 YEARS \$1040.00
69 YEARS \$1055.00
70 YEARS \$1070.00
71 YEARS \$1085.00
72 YEARS \$1100.00
73 YEARS \$1115.00
74 YEARS \$1130.00
75 YEARS \$1145.00
76 YEARS \$1160.00
77 YEARS \$1175.00
78 YEARS \$1190.00
79 YEARS \$1205.00
80 YEARS \$1220.00
81 YEARS \$1235.00
82 YEARS \$1250.00
83 YEARS \$1265.00
84 YEARS \$1280.00
85 YEARS \$1295.00
86 YEARS \$1310.00
87 YEARS \$1325.00
88 YEARS \$1340.00
89 YEARS \$1355.00
90 YEARS \$1370.00
91 YEARS \$1385.00
92 YEARS \$1400.00
93 YEARS \$1415.00
94 YEARS \$1430.00
95 YEARS \$1445.00
96 YEARS \$1460.00
97 YEARS \$1475.00
98 YEARS \$1490.00
99 YEARS \$1505.00
100 YEARS \$1520.00

THE INTERNATIONAL NEWSMAGAZINE

May 15, 1978

6

NEWSWEEK

The U.S. and Asia

*Fritz -
You did another
great job -
Jimmy*

**Mondale
And Maroon**

Don't	00
Drunk	00
Burns	00
1980	00
1981	00
1982	00
1983	00
1984	00
1985	00
1986	00
1987	00
1988	00
1989	00
1990	00
1991	00
1992	00
1993	00
1994	00
1995	00
1996	00
1997	00
1998	00
1999	00
2000	00
2001	00
2002	00
2003	00
2004	00
2005	00
2006	00
2007	00
2008	00
2009	00
2010	00
2011	00
2012	00
2013	00
2014	00
2015	00
2016	00
2017	00
2018	00
2019	00
2020	00
2021	00
2022	00
2023	00
2024	00
2025	00
2026	00
2027	00
2028	00
2029	00
2030	00
2031	00
2032	00
2033	00
2034	00
2035	00
2036	00
2037	00
2038	00
2039	00
2040	00
2041	00
2042	00
2043	00
2044	00
2045	00
2046	00
2047	00
2048	00
2049	00
2050	00
2051	00
2052	00
2053	00
2054	00
2055	00
2056	00
2057	00
2058	00
2059	00
2060	00
2061	00
2062	00
2063	00
2064	00
2065	00
2066	00
2067	00
2068	00
2069	00
2070	00
2071	00
2072	00
2073	00
2074	00
2075	00
2076	00
2077	00
2078	00
2079	00
2080	00
2081	00
2082	00
2083	00
2084	00
2085	00
2086	00
2087	00
2088	00
2089	00
2090	00
2091	00
2092	00
2093	00
2094	00
2095	00
2096	00
2097	00
2098	00
2099	00
2100	00
2101	00
2102	00
2103	00
2104	00
2105	00
2106	00
2107	00
2108	00
2109	00
2110	00
2111	00
2112	00
2113	00
2114	00
2115	00
2116	00
2117	00
2118	00
2119	00
2120	00
2121	00
2122	00
2123	00
2124	00
2125	00
2126	00
2127	00
2128	00
2129	00
2130	00
2131	00
2132	00
2133	00
2134	00
2135	00
2136	00
2137	00
2138	00
2139	00
2140	00
2141	00
2142	00
2143	00
2144	00
2145	00
2146	00
2147	00
2148	00
2149	00
2150	00
2151	00
2152	00
2153	00
2154	00
2155	00
2156	00
2157	00
2158	00
2159	00
2160	00
2161	00
2162	00
2163	00
2164	00
2165	00
2166	00
2167	00
2168	00
2169	00
2170	00
2171	00
2172	00
2173	00
2174	00
2175	00
2176	00
2177	00
2178	00
2179	00
2180	00
2181	00
2182	00
2183	00
2184	00
2185	00
2186	00
2187	00
2188	00
2189	00
2190	00
2191	00
2192	00
2193	00
2194	00
2195	00
2196	00
2197	00
2198	00
2199	00
2200	00
2201	00
2202	00
2203	00
2204	00
2205	00
2206	00
2207	00
2208	00
2209	00
2210	00
2211	00
2212	00
2213	00
2214	00
2215	00
2216	00
2217	00
2218	00
2219	00
2220	00
2221	00
2222	00
2223	00
2224	00
2225	00
2226	00
2227	00
2228	00
2229	00
2230	00
2231	00
2232	00
2233	00
2234	00
2235	00
2236	00
2237	00
2238	00
2239	00
2240	00
2241	00
2242	00
2243	00
2244	00
2245	00
2246	00
2247	00
2248	00
2249	00
2250	00
2251	00
2252	00
2253	00
2254	00
2255	00
2256	00
2257	00
2258	00
2259	00
2260	00
2261	00
2262	00
2263	00
2264	00
2265	00
2266	00
2267	00
2268	00
2269	00
2270	00
2271	00
2272	00
2273	00
2274	00
2275	00
2276	00
2277	00
2278	00
2279	00
2280	00
2281	00
2282	00
2283	00
2284	00
2285	00
2286	00
2287	00
2288	00
2289	00
2290	00
2291	00
2292	00
2293	00
2294	00
2295	00
2296	00
2297	00
2298	00
2299	00
2300	00
2301	00
2302	00
2303	00
2304	00
2305	00
2306	00
2307	00
2308	00
2309	00
2310	00
2311	00
2312	00
2313	00
2314	00

THE WHITE HOUSE
WASHINGTON
May 15, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

SEN. TALMADGE

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

THE WHITE HOUSE
WASHINGTON
May 15, 1978

*Done
J*

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *f.m./pd*

TELEPHONE CALL TO SENATOR HERMAN TALMADGE

Senator Talmadge told his staff this morning that you telephoned every other Senator on the arms' sale.

He indicated that even though he is with the Administration, he has had at least as much pressure from AIPAC as any other Senator.

Although there is no problem with Senator Talmadge voting with us, I think you should telephone him before 6:30 p.m. today and tell him that you appreciate his once again being with you on a vote that is tough politically.

THE WHITE HOUSE
WASHINGTON

May 15, 1978

The Vice President
Hamilton Jordan
Tim Kraft
Frank Moore
Jody Powell
Anne Wexler
Phil Wise

The attached was returned in the
President's outbox and is forwarded
to you for your information.

Rick Hutcheson

DNC WEEKLY REPORT

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

✓	VICE PRESIDENT
	EIZENSTAT
✓	JORDAN
✓	KRAFT
	LIPSHUTZ
✓	MOORE
✓	POWELL
	WATSON
✓	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
✓	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

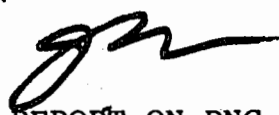
DEMOCRATIC
NATIONAL COMMITTEE

1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900

John C. White
Chairman

MEMORANDUM
May 12, 1978

C

TO: PRESIDENT CARTER
THROUGH: RICK HUTCHESON
FROM: JOHN C. WHITE 
RE: WEEKLY STATUS REPORT ON DNC OPERATIONS

WESTERN TRIP

In my estimation the Western Trip was extremely successful and we are receiving very positive reports. I urge you to consider similar short trips as soon as your schedule permits. You might want to develop a theme for each trip to emphasize the thrust of your Legislative Initiative i.e. Urban Policy, Civil Service Reform, Hospital Cost Containment.

LEGISLATIVE SUPPORT

Members of our Special Citizen Task Force are meeting on a regular basis with members of your Staff to develop both general and specific support for your Legislative Initiatives.

The first in our series of Breakfasts for State Party Chairmen with members of your Senior Staff will take place on the 19th of May. This will develop Congressional needed relationships and solve a lot of our political problems.

EXECUTIVE COMMITTEE MEETING - WINOGRAD RULES FOR 1980 NOMINATION

The positive press reports on our Executive Committee meeting on Wednesday were encouraging. I feel that we have managed to defuse potential criticism of the President. The tenor of the questions at the Godfrey Sperling Breakfast on Thursday affirmed this impression.

POLITICAL REPORT

Hamilton and I have met with Mayor Coleman Young to discuss strategy to counteract the current Republican drive for minority support.

Your meeting with our key supporters for the Texas Dinner was very helpful and resulted in the impetus we needed.

THE WHITE HOUSE
WASHINGTON
May 15, 1978

Bob Lipshutz

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

RE: EXECUTIVE ORDER - RELATING
TO CERTAIN POSITIONS IN LEVELS IV AND
V AND PROCLAMATION - ARMED FORCES
DAY

THE WHITE HOUSE

WASHINGTON

May 11, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*

RE: Proposed Executive Order: "Relating
to Certain Positions in Levels IV and
V of the Executive Schedule"

The law permits the President to place not more than 34 positions in Levels IV and V of the Executive Schedule. At present 32 of these positions have been allocated.

The proposed Order would add to the Level IV list the new position of Assistant Attorney General, United States Attorneys and Trial Advocacy, Department of Justice, as well as Deputy Under Secretary for Regional Affairs, Department of Commerce. The position of Counselor to the Secretary for Congressional Affairs, Department of Commerce, would be deleted from the Level IV list; and the Executive Director, Federal Personnel Management Systems Study, U. S. Civil Service Commission, would be deleted from the Level V list. The result would be no change in the number of positions now allocated.

The new Assistant Attorney General at Justice will be responsible for keeping the Attorney General advised of critical investigations being conducted by United States Attorneys, as well as for management of the Executive Office of U. S. Attorneys.

We recommend that you sign the attached Order.

☒ Approve

☐ Disapprove

EXECUTIVE ORDER

- - - - -

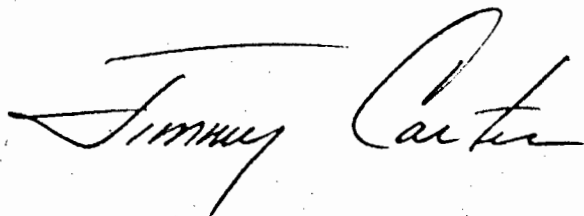
RELATING TO CERTAIN POSITIONS IN LEVELS IV AND V
OF THE EXECUTIVE SCHEDULE

By virtue of the authority vested in me by Section 5317 of Title 5 of the United States Code, and as President of the United States of America, it is hereby ordered as follows:

Section 1. Section 1 of Executive Order No. 11861, as amended, placing certain positions in level IV of the Executive Schedule, is further amended by inserting in numerical sequence "(6) Assistant Attorney General, United States Attorneys and Trial Advocacy, Department of Justice." and by deleting "Counselor to the Secretary for Congressional Affairs" in subsection (10) and inserting in lieu thereof, "Deputy Under Secretary for Regional Affairs".

Sec. 2. Section 2 of Executive Order No. 11861, as amended, placing certain positions in level V of the Executive Schedule, is further amended by deleting "(13) Executive Director, Federal Personnel Management Systems Study, United States Civil Service Commission."

Sec. 3. Executive Order No. 11189 of November 23, 1964, Executive Order No. 11195 of January 30, 1965, and Executive Order No. 11995 of June 8, 1977 are revoked.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned in the lower right quadrant of the page.

THE WHITE HOUSE

WASHINGTON

May 12, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Bob Lipshutz *BL*
SUBJECT: Proclamation Designating the
Third Saturday in May as "Armed
Forces Day"

Attached is a memorandum from OMB relative to the above matter.

I recommend that you sign this proclamation as requested by Secretary Brown, even though he was late in submitting it and even though OMB recommends that it not be submitted to you for approval and signature.

ok - a nice one
Should you wish, I of course will be glad to write an appropriate memorandum to Secretary Brown urging that this particular Executive Order 11030 requiring early submission of such documents be followed in the future.

Jim Fallows edited the proposed proclamation.

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA
A PROCLAMATION

The men and women of the Army, Navy, Air Force, Marine Corps and Coast Guard serve their country with pride and dignity. Each day we enjoy peace is a reminder of their important role.

It is with equal pride that we Americans set aside one day each year to pay tribute to these patriotic volunteers, stationed throughout the world.

NOW, THEREFORE, I, JIMMY CARTER, President of the United States and Commander-in-Chief of the Armed Forces of the United States, continuing the precedent of my six immediate predecessors in this Office, do hereby proclaim the third Saturday of each May as Armed Forces Day.

I direct the Secretary of Defense on behalf of the Army, the Navy, the Air Force, and the Marine Corps, and the Secretary of Transportation on behalf of the Coast Guard, to plan for appropriate observances each year, with the Secretary of Defense responsible for soliciting the participation and cooperation of civil authorities and private citizens.

I invite the Governors of the States, the Commonwealth of Puerto Rico, and other areas subject to the jurisdiction of the United States, to provide for the observance of Armed Forces Day within their jurisdiction each year in an appropriate manner designed to increase public understanding and appreciation of the Armed Forces of the United States.

I also invite national and local veterans, civic and other organizations to join in the observance of Armed Forces Day each year.

I call upon my fellow Americans not only to display the flag of the United States at their homes on Armed Forces Day, but also to learn about our system of defense, and about the men and women who sustain it, by attending and participating in the local observances of the day.

Proclamation 4492 of March 22, 1977, is hereby superseded.

IN WITNESS WHEREOF, I have hereunto set my hand
this day of May in the year of our Lord
nineteen hundred and seventy-eight and of the Independence
of the United States of America the two hundred and second.

Jimmy Carter

11:30 AM

THE WHITE HOUSE
WASHINGTON

May 12, 1978

PRIVATE MEETING WITH CECIL ANDRUS

Monday, May 15, 1978
11:30 a.m. (30 minutes)
The Oval Office

From: Jack Watson *Jack*

I. PURPOSE

One of a series of private meetings between you and each Cabinet member.

II. AGENDA

Cecil plans to raise three issues -- water policy; his dissatisfaction with progress on timber policy; and ZBB and the FY-80 budget.

-- Water Policy. In a marginal note in his April 28 weekly summary, you agreed to chat with Cecil about the water policy paper. He feels strongly about the 10% state share -- an issue which the Domestic Policy staff and others are still considering. You are meeting with relevant governors and Cecil on Wednesday on this issue, and I recommend that you hear his ideas but make no decisions prior to that meeting. (You might also point out to Cecil that these Monday Cabinet meetings were not designed as decision meetings, but rather as informal exchanges in the effort to increase the personal contact between you and your Cabinet members.)

-- Timber Policy. Cecil has observed repeatedly that he is dissatisfied with Interior's opportunity for input into the Forest Service study on timber cutting, and with the pace of resolving other USDA timber issues. You should know that the Forest Service has not finished its 30-day study of timber cutting which is part of your anti-inflation policy. The review should be completed by next week, with recommendations to you thereafter. What Cecil has

seen is the background paper; the cover memorandum is not written. I recommend that you ask Cecil to work directly with Bob Bergland on the decision memorandum for you.

-- ZBB. Cecil's comments will be general in nature.

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Bob Lipshutz
Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

YUSEN AIR AND SEA SERVICE

THE WHITE HOUSE
WASHINGTON

May 12, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: BOB LIPSHUTZ *BL*
STU EIZENSTAT *SE*

SUBJECT: CAB Decision: Yusen Air and Sea Service
Company, Ltd. (Japan) et al
(Dockets 28213, et al)

The CAB issued a routine order renewing permits for seven Japanese freight forwarders. (Freight forwarders are not airlines. They are middlemen who collect freight and arrange for its transport by air.) Late last year, an American carrier wrote the Department of Transportation asking that allegedly discriminatory treatment of U.S. freight forwarders by Japan be discussed in the current round of U.S.-Japanese aviation negotiations. DOT has investigated and substantiated most of the allegations made by the American carrier, although the CAB was unaware of the charges when it issued the orders renewing the seven Japanese permits.

All agencies agree that you should not simply approve the Board's order. DOT believes that we should hold the orders at the White House and use them as leverage in our negotiations to obtain better treatment for U.S. freight forwarders. State concurs.

Alternatively, State suggests that you return the case to the CAB for further consideration in light of the discrimination and reciprocity issues based on submissions by DOT and State. Justice, Defense, NSC and OMB concur with this alternative approach.

We recommend that you return the case to the Board for further consideration. The CAB agrees because they would like to investigate the allegations that Japan has discriminated against U.S. freight forwarder. Giving the CAB the opportunity to consider this matter should put sufficient pressure on the Japanese.

✓
Return case to CAB;
we and CAB recommend;
State's alternative position,
concurrent in by Justice,
Defense, NSC, OMB
(Sign attached letter)

Take no action and
hold case at White
House; DOT recommends;
State's preference

THE WHITE HOUSE

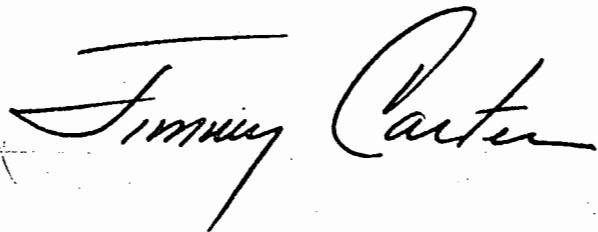
WASHINGTON

To Chairman Alfred Kahn

I have reviewed your proposed order (Dockets 28213, et al) dated March 1, 1978 which would renew the permits of seven Japanese air freight forwarders for five years.

In the course of my review, the Departments of State and Transportation raised some foreign policy concerns that were not at issue during the Board's consideration of this case. New developments in our aviation negotiations with the Japanese and concerns about discriminations faced by U.S. air freight forwarders operating in Japan lead me to conclude that the case should be returned to the Board. I am directing the Departments of State and Transportation to submit their views to the Board in accordance with Executive Order 11920, Section 2(b). I leave to your discretion the proper forum for the Board's consideration of the issues raised by those Departments. I will review the case again after the Board has an opportunity to consider their views.

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is fluid and cursive, with a large, sweeping "C" at the end.

Honorable Alfred E. Kahn
Chairman
Civil Aeronautics Board
Washington, D. C. 20428

THE WHITE HOUSE
WASHINGTON

May 15, 1978

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: The Vice President
Hamilton Jordan
Frank Moore
Jody Powell
Anne Wexler

Jack Watson
Jim McIntyre
Charlie
Schultze

2529



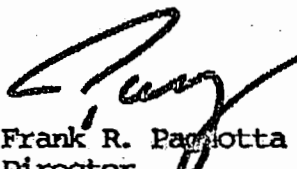
Department of Energy
Washington, D.C. 20585

May 13, 1978

NOTE TO STU EIZENSTAT

The attached Memorandum for the President should be given to him as soon as possible.

Thanks.


Frank R. Pagliotta
Director
Office of the Secretary

Attachment

Mr. President:

Attached are memoranda from Dr. Schlesinger and from Bo Cutler and Elton Cutler (OMB) which recommend an approach on DOE supply initiatives which I suggested after the meeting you had yesterday with Schlesinger, McIntyre, Frank Moore and me. He indicated, OMB and DOE agree with this approach. I understand Cong. Staggers approves, as well. It protects our FY '79 budget to the maximum extent and gives us greater discretion over expenditures in FY '80 and the outyears than any other approach—particularly in light of the Congressional desire for a SRC 1 and 2 plant. We all recommend it. I have informed Frank Moore of the proposal and he concurs.

Stu Eizenstat



Department of Energy
Washington, D.C. 20585

May 13, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER *JS*

SUBJECT: 1978 Energy Supply
Initiatives

Following your meeting with us yesterday on the 1978 energy supply initiatives, we have worked out the specifics on the issue that was not completely resolved -- funding for synthetics from coal, and the most effective means of communicating with the Congress on that subject.

Attached is a draft letter from you to me (pursuant to the discussion yesterday). Upon reflection, Stu, Jim McIntyre, and I believe that this letter might pose problems, since it might be considered an invitation by you to the Congressional committees to reorder Administration priorities. There is every likelihood that the committees will attempt to increase funding for these new initiatives and we are therefore concerned that a letter along the lines discussed yesterday would be used as justification for such activity. With your approval, therefore, we urge that we not forward such a letter.

An alternative approach, which Stu suggested briefly at the meeting -- and which the three of us discussed later -- is also attached. Under this approach we would slip the SRC I and II development work by using the existing levels of FY 1979 budget authority to undertake design work on these plants and, if successful, would begin funding for procurement in FY 1980. Should this occur in FY 1980, we would reorder Departmental priorities to ensure no net increase in our FY 1980 budget resulting from any increased SRC funding over previously projected levels. I believe this approach

will adequately satisfy the principal proponents of these projects and the Congressional committees, while maintaining a position of Administration leadership in setting Departmental priorities. OMB has agreed with the language of this approach. Stu has a copy, and I believe will agree as well.

If you concur with this alternative approach, it will be included in the package of initiatives agreed to yesterday, and transmitted to the Congress early this coming week.

Attachments:

- Alternative approach outline
- Letter from the President to J. Schlesinger

ok
J

SYNTHETICS FROM COAL PROPOSAL

We propose steps to develop, as rapidly as technically feasible, a capability to produce alternative synthetic liquids and solids from coal:

- ° Process design studies will be initiated for four or five bona fide coal liquid and coal solid demonstration plants. The studies will cost approximately \$6 to \$8 million each and will be started in FY 1978 and completed in mid-FY 1979.
- ° At this point, the SRC processes are at a more advanced stage of development. If the process studies and parallel negotiations on cost sharing are successful on the SRC processes, DOE would proceed to detailed design for two plants, using the funds currently in the President's FY 1979 budget (\$23 million) and in FY 1980 would move into the procurement and construction phases of one or two plants.

If the above conditions are not met by either one or both of the SRC technologies, DOE would be in a position to finance one or more of the other proposals in FY 1980.

THE WHITE HOUSE

WASHINGTON

Dear Jim:

As the Congressional authorization and appropriations committees continue work on the Department of Energy budget for fiscal year 1979, our shared commitment to a number of budgetary and programmatic principles should be emphasized to ensure that the resulting legislation is sound and meets these principles.

It is important that there be no overall increase in the Department's budget level for fiscal year 1979. We share with the Congress a sense of urgency to develop new domestic supply sources as we move into the 1980s. The fiscal year 1979 budget the Department has submitted, along with the supply initiatives which the Department will be presenting to the Congress this week, adequately meet this concern, while also observing budgetary restraint.

I do recognize that there are certain programs or projects -- such as SRC I and II -- which the Administration supports, but which the Congress may desire to accelerate. Nevertheless, I firmly believe that the Congress must recognize that we will insist on reductions in the Department's base budget equivalent to any additional funding proposed for these programs or projects. In addition, any such new commitments made for the fiscal year 1979 budget should take into consideration out-year budgetary impacts and should be evaluated with the total project costs as an important criterion.

I believe that the initiatives to be announced this week, along with the strong fiscal year 1979 budget submitted to the Congress in January, will result in a final Department of Energy budget that reflects both our desire to move vigorously to develop alternative technologies and maintains my commitment to holding down the Federal deficit both this year and in future budget years.

I know that you stand ready to elaborate further on these ideas with the appropriate Congressional committees, and believe that such discussions will be productive.

Sincerely,

The Honorable James R. Schlesinger
The Secretary of Energy
Department of Energy
Washington, D. C. 20585

THE WHITE HOUSE

WASHINGTON

May 13, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Bo Cutter
Eliot Cutler

SUBJECT: DOE Supply Initiatives

We have reached agreement with the Department of Energy on all aspects of the Phase II Supply Initiatives.

You will recall that prior to your meeting yesterday with Stu, Frank, Jim McIntyre and Secretary Schlesinger, agreement had been reached on the reprogramming of \$130M in FY 1979 as follows:

Solar and conservation programs	\$+100 M
Unconventional natural gas R & D	+ 10 M
Loan guarantees for high-BTU coal gasification	+ 20 M
	<u>\$+130 M</u>

We have now approved the sources for those reprogrammed funds.

Following up on a suggestion which Stu made at yesterday's meeting, we have developed with DOE a synthetic coal liquids (SRC) demonstration program on which OMB and DOE have agreed and which DOE can announce on Monday:

- Process design studies will be funded for 4 or 5 bona fide coal liquid and coal solid demonstration plans (e.g., SRC I, SRC II, H-Coal, Donor Solvent, and/or Conoco). The studies will cost \$6-\$8 M each and will be started in FY 1978 and completed in FY 1979. The money to fund these studies will be reprogrammed in FY 1978 from the defunct "Coalcon" project. (This approach will eliminate the sole-source problem.)
- At this time, the two SRC processes are at a more advanced stage of development. If the process design studies and parallel negotiations on cost-sharing are successful with respect to the SRC

processes, DOE would proceed to detailed design work for two plants in FY 1979, using the \$23 M currently in the 1979 Budget. In FY 1980, DOE would move into the procurement and construction phases for one or two plants.

. If one or both of the SRC technologies cannot meet the conditions set forth above, DOE would be in a position to finance one or more of the other proposals in FY 1980.



Department of Energy
Washington, D.C. 20585

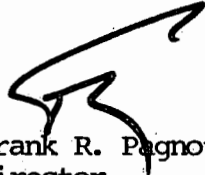
May 13, 1978

NOTE TO RICK HUTCHESON

The attached Memorandum to the President was transmitted to him at Camp David via Stu Eizenstat.

However, in case the President did not receive it at Camp David, the President wanted it on his desk on his return on Sunday.

Thanks.



Frank R. Pagnotta
Director
Office of the Secretary

Attachment



Department of Energy
Washington, D.C. 20585

May 13, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER *JS*

SUBJECT: 1978 Energy Supply
Initiatives

Following your meeting with us yesterday on the 1978 energy supply initiatives, we have worked out the specifics on the issue that was not completely resolved -- funding for synthetics from coal, and the most effective means of communicating with the Congress on that subject.

Attached is a draft letter from you to me (pursuant to the discussion yesterday). Upon reflection, Stu, Jim McIntyre, and I believe that this letter might pose problems, since it might be considered an invitation by you to the Congressional committees to reorder Administration priorities. There is every likelihood that the committees will attempt to increase funding for these new initiatives and we are therefore concerned that a letter along the lines discussed yesterday would be used as justification for such activity. With your approval, therefore, we urge that we not forward such a letter.

An alternative approach, which Stu suggested briefly at the meeting -- and which the three of us discussed later -- is also attached. Under this approach we would slip the SRC I and II development work by using the existing levels of FY 1979 budget authority to undertake design work on these plants and, if successful, would begin funding for procurement in FY 1980. Should this occur in FY 1980, we would reorder Departmental priorities to ensure no net increase in our FY 1980 budget resulting from any increased SRC funding over previously projected levels. I believe this approach

will adequately satisfy the principal proponents of these projects and the Congressional committees, while maintaining a position of Administration leadership in setting Departmental priorities. OMB has agreed with the language of this approach. Stu has a copy, and I believe will agree as well.

If you concur with this alternative approach, it will be included in the package of initiatives agreed to yesterday, and transmitted to the Congress early this coming week.

Attachments:

- Alternative approach outline
- Letter from the President to J. Schlesinger

SYNTHETICS FROM COAL PROPOSAL

We propose steps to develop, as rapidly as technically feasible, a capability to produce alternative synthetic liquids and solids from coal:

- ° Process design studies will be initiated for four or five bona fide coal liquid and coal solid demonstration plants. The studies will cost approximately \$6 to \$8 million each and will be started in FY 1978 and completed in mid-FY 1979.
- ° At this point, the SRC processes are at a more advanced stage of development. If the process studies and parallel negotiations on cost sharing are successful on the SRC processes, DOE would proceed to detailed design for two plants, using the funds currently in the President's FY 1979 budget (\$23 million) and in FY 1980 would move into the procurement and construction phases of one or two plants.

If the above conditions are not met by either one or both of the SRC technologies, DOE would be in a position to finance one or more of the other proposals in FY 1980.

THE WHITE HOUSE

WASHINGTON

Dear Jim:

As the Congressional authorization and appropriations committees continue work on the Department of Energy budget for fiscal year 1979, our shared commitment to a number of budgetary and programmatic principles should be emphasized to ensure that the resulting legislation is sound and meets these principles.

It is important that there be no overall increase in the Department's budget level for fiscal year 1979. We share with the Congress a sense of urgency to develop new domestic supply sources as we move into the 1980s. The fiscal year 1979 budget the Department has submitted, along with the supply initiatives which the Department will be presenting to the Congress this week, adequately meet this concern, while also observing budgetary restraint.

I do recognize that there are certain programs or projects -- such as SRC I and II -- which the Administration supports, but which the Congress may desire to accelerate. Nevertheless, I firmly believe that the Congress must recognize that we will insist on reductions in the Department's base budget equivalent to any additional funding proposed for these programs or projects. In addition, any such new commitments made for the fiscal year 1979 budget should take into consideration out-year budgetary impacts and should be evaluated with the total project costs as an important criterion.

I believe that the initiatives to be announced this week, along with the strong fiscal year 1979 budget submitted to the Congress in January, will result in a final Department of Energy budget that reflects both our desire to move vigorously to develop alternative technologies and maintains my commitment to holding down the Federal deficit both this year and in future budget years.

I know that you stand ready to elaborate further on these ideas with the appropriate Congressional committees, and believe that such discussions will be productive.

Sincerely,

The Honorable James R. Schlesinger
The Secretary of Energy
Department of Energy
Washington, D. C. 20585

Lew R. Wasserman

May 8, 1978

My dear Mr. President:

Pursuant to our conversation,
Edie and I will be in Washington
beginning the evening of June 9th
and leaving the afternoon of the
13th.

If your schedule permits, we would
like to stop by and pay our respects.

Kindest personal regards.

Sincerely,



The President
The White House
Washington, D.C. 20025

SC

*Susan
Phil -
Invite to spend
night w us 6/12 -
Check w Ros
J*

THE WHITE HOUSE

WASHINGTON 5/15/78

MR. PRESIDENT:

The weekend of June 9 - 12 has been held open for Camp David.

You travel to Plains this Sunday, May 21, go to Camp David after a two-day domestic trip and dinner with Giscard on May 26, attend a foreign policy seminar on Saturday, June 3, travel to Panama on June 16 and attend a DNC fundraiser in Houston and campaign on June 23 - 24.

June 9 - 12 is your only free weekend between now and the end of June.

PHIL